

**BOARD OF SUPERVISORS**  
**Finance/Government Services Committee**

**INFORMATION ITEM**

**SUBJECT:** FY 06 Second Quarter Revenue & Expenditure Update

**ELECTION DISTRICT:** Countywide

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**BACKGROUND:** Since FY 01, staff has provided the Finance/Government Services Committee with periodic updates on the implementation of the current year's budget. Year-to-date information has generally been provided on a quarterly basis. For this item, projections incorporate data through December 31, 2005. With six months of the fiscal year complete, the Committee may note the following preliminary trends:

1. Current year (FY 06) revenue in the General Fund is projected to exceed the budget by about \$56.3 million, or 7.2% of budget, driven largely by property, excise and recordation tax revenue. Recent softening in building permit activity and reduced delinquencies are indicated by projections for underperformance in permit revenue and delinquent real and personal property taxes. The second quarter projection incorporates the impact of tax rate reductions included in the County Administrator's proposed budget.
2. General government operational expenses are projected to end the year approximately \$7.1 million, or 2.5%, under budget, due to personnel vacancy savings resulting from increased turnover and savings in contractual services. Increased fuel expenses are reflected in projected overexpenditures in the internal services category.

This item is accompanied by Attachment 1, which includes staff's second quarter FY 06 projection. It should be noted that the Board's fiscal policy requires the designation of a fiscal cash liquidity reserve that is equivalent to 10% of total governmental net fund operating revenues. The FY 06 fiscal reserve totals \$91.2 million, and current projections indicate that approximately \$15 million will be required at the beginning of FY 07 to maintain compliance with the Board's policy. The County Administrator's Proposed Fiscal Plan designates \$50,273,980 in General Fund balance for the FY 07 budget. Of this amount, \$13,006,924 in FY 05 General Fund balance was previously designated by the Board for use in FY 07.

Quarterly projections can be highly problematic, with six months remaining in the fiscal year. Actual revenue and expenditures are likely to deviate substantially due to unforeseen

circumstances and the economic environment. The revenue and expenditure projection process plays a key role in the development of current and future years' financial expectations. Over the next several months, staff from Management and Financial Services and other County agencies will continue to refine their revenue and expenditure projection models, with the next formal update anticipated after March 31, 2006.

**ATTACHMENT:** 1. – FY 06 Revenue and Expenditure Update

**STAFF CONTACTS:** Kirby M. Bowers, County Administrator  
Mark Adams, Ben Mays and Ari J. Sky, Management and  
Financial Services

**FY 06 Revenue and Expenditure Update**  
*Activity Through December 31, 2005*

	FY 06 Adopted <sup>1</sup>	FY 06 Revised <sup>2</sup>	FY 05 Prior Year-to-Date <sup>3</sup>	FY 06 Year- to-Date <sup>4</sup>	FY 06 Proj. Total	FY 06 Proj. Balance
<b>General Fund Revenue</b>						
Current Real Property	\$474,972,440	\$474,972,440	\$187,827,372	\$227,191,714	\$498,689,393	\$23,716,953
Current Public Service Property	10,175,000	10,175,000	5,517,348	8,005,805	16,010,000	5,835,000
Penalties & Interest	3,080,000	3,080,000	1,751,755	1,926,641	3,640,814	560,814
Current Personal Property <sup>5</sup>	97,856,000	97,856,000	53,450,747	59,980,020	109,000,000	11,144,000
Delinquent Real Property	4,000,000	4,000,000	2,574,590	1,207,593	3,000,000	(1,000,000)
Delinquent Personal Property	3,000,000	3,000,000	1,303,388	1,621,378	2,500,000	(500,000)
Heavy Equipment <sup>6</sup>	1,450,000	1,450,000	744,919	883,378	1,650,000	200,000
Machinery & Tools <sup>7</sup>	1,191,000	1,191,000	543,573	563,724	1,191,000	0
Local Sales & Use	42,000,000	42,000,000	12,481,263	14,839,289	43,000,000	1,000,000
Utility Taxes	9,070,000	9,070,000	2,674,237	3,190,464	9,070,000	0
Short-Term Rentals	270,000	270,000	135,745	145,775	270,000	0
Cable TV/Open Video Franchise Licenses	1,130,948	1,130,948	296,829	339,625	1,400,000	269,052
Hotel & Motel Rooms (TOT)	1,210,000	1,210,000	523,991	515,041	1,800,000	590,000
<b>Total Local Tax Funding:</b>	<b>\$649,405,388</b>	<b>\$649,405,388</b>	<b>\$269,825,757</b>	<b>\$320,410,447</b>	<b>\$691,221,207</b>	<b>\$41,815,819</b>
<b>Other Local Revenue</b>						
Business, Prof. & Occup. Licenses (BPOL)	\$19,669,100	\$19,669,100	\$14,100,624	\$7,405,867	\$21,000,000	\$1,330,900
Permits & Privilege Fees	21,418,045	21,685,046	10,949,244	10,139,026	20,000,000	(1,685,046)
Fines & Forfeitures	1,944,127	1,944,127	1,013,099	1,027,423	2,000,000	55,873
Use of Money & Property	2,989,782	3,000,454	969,409	2,570,830	6,000,000	2,999,546
Charges for Services	18,030,614	18,030,614	9,445,414	9,691,344	19,500,000	1,469,386
Recovered Costs	6,108,446	6,207,046	2,165,177	2,533,904	5,500,000	(707,046)
Other Financing Sources <sup>8</sup>	2,869,481	2,878,220	3,123,744	1,630,222	2,878,220	0
Motor Vehicle Licenses	4,301,300	4,301,300	4,077,816	4,349,463	4,800,000	498,700
Bank Franchise Taxes	350,000	350,000	74,429	0	560,000	210,000
Recordation Taxes/Taxes on Wills	10,026,000	10,041,000	5,519,231	8,692,616	18,700,000	8,659,000
Miscellaneous Revenue	308,592	706,885	1,533,148	1,489,000	600,000	(\$106,885)
<b>Total Other Local Revenue:</b>	<b>\$88,015,487</b>	<b>\$88,813,792</b>	<b>\$52,971,335</b>	<b>\$49,529,695</b>	<b>\$101,538,220</b>	<b>\$12,724,428</b>
<b>Total Local Revenue</b>	<b>\$737,420,875</b>	<b>\$738,219,180</b>	<b>\$322,797,092</b>	<b>\$369,940,142</b>	<b>\$792,759,427</b>	<b>\$54,540,247</b>
<b>Commonwealth Aid</b>						
State Non-Categorical Aid	\$8,741,600	\$8,741,600	\$3,985,215	\$4,507,404	\$10,541,600	\$1,800,000
State Shared Expenses	8,813,826	8,813,826	4,394,243	3,977,131	8,813,826	0
State Categorical Aid	9,626,653	10,777,765	3,640,803	3,899,760	10,777,765	0
<b>Total Commonwealth Aid:</b>	<b>\$27,182,079</b>	<b>\$28,333,191</b>	<b>\$12,020,261</b>	<b>\$12,384,295</b>	<b>\$30,133,191</b>	<b>\$1,800,000</b>
<b>Federal Payments</b>						
Payments in Lieu of Taxes	\$3,000	\$3,000	\$1,784	\$1,769	\$3,000	\$0
Federal Categorical Aid	7,259,132	14,719,067	3,516,971	4,724,455	14,719,067	0
<b>Total Federal Payments:</b>	<b>\$7,262,132</b>	<b>\$14,722,067</b>	<b>\$3,518,755</b>	<b>\$4,726,224</b>	<b>\$14,722,067</b>	<b>\$0</b>
<b>Total General Fund Revenue:</b>	<b>\$771,865,086</b>	<b>\$781,274,438</b>	<b>\$338,336,108</b>	<b>\$387,050,661</b>	<b>\$837,614,685</b>	<b>\$56,340,247</b>

**FY 06 Revenue and Expenditure Update**  
*Activity Through December 31, 2005*

	FY 06 Adopted <sup>1</sup>	FY 06 Revised <sup>2</sup>	FY 05 Prior Year-to-Date <sup>3</sup>	FY 06 Year- to-Date <sup>4</sup>	FY 06 Proj. Total	FY 06 Proj. Balance
<b>General Government Operations</b>						
<b>Personnel</b>	<b>\$181,678,934</b>	<b>\$182,887,832</b>	<b>\$72,650,520</b>	<b>\$81,341,618</b>	<b>\$178,549,223</b>	<b>\$4,338,609</b>
<b>Operations &amp; Maintenance</b>						
Contractual Services	\$26,169,011	\$31,400,909	\$18,736,849	20,155,034	\$30,232,551	\$1,168,358
Internal Services	10,136,205	10,570,950	2,654,741	3,525,132	11,116,230	(545,280)
Utilities	2,737,909	2,735,470	914,882	974,268	2,362,812	372,658
Communications	2,093,321	2,148,009	904,132	1,075,956	2,151,912	(3,903)
Insurance	787,412	787,412	725,200	799,001	878,901	(91,489)
Materials, Supplies & Minor Equipment	10,999,106	15,315,109	6,067,293	7,498,091	14,996,182	318,927
Travel & Training	949,278	1,157,552	363,691	508,342	1,016,684	140,868
Miscellaneous	1,677,271	1,842,759	1,526,717	803,200	1,606,400	236,359
Contributions to Other Entities	12,952,554	16,721,629	6,091,103	7,688,146	15,376,292	1,345,337
Public Assistance Payments	8,898,825	9,146,027	4,193,706	5,040,590	9,142,999	3,028
Leases & Rentals	5,418,120	5,827,780	4,510,816	4,979,527	5,975,432	(147,652)
Other Operations & Maintenance	4,300	4,300	0	768	4,300	0
<b>Total Operations &amp; Maintenance:</b>	<b>\$82,823,312</b>	<b>\$97,657,906</b>	<b>\$46,689,130</b>	<b>\$53,048,055</b>	<b>\$94,860,696</b>	<b>\$2,797,211</b>
<b>Capital Outlay &amp; Construction</b>						
Capital Outlay	\$4,488,646	\$6,360,750	\$2,737,468	\$2,566,457	\$6,360,750	\$0
Capital Construction	785,359	1,466,901	334,709	712,332	1,466,901	0
<b>Total Capital Outlay &amp; Construction:</b>	<b>\$5,274,005</b>	<b>\$7,827,651</b>	<b>\$3,072,177</b>	<b>\$3,278,789</b>	<b>\$7,827,651</b>	<b>\$0</b>
<b>Other Expenditures</b>						
Contingencies	\$1,500,000	\$1,599,044	\$0	\$0	\$1,599,044	\$0
<b>Total Other Expenditures:</b>	<b>\$1,500,000</b>	<b>\$1,599,044</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,599,044</b>	<b>\$0</b>
<b>Total General Government Operations:</b>	<b>\$271,276,251</b>	<b>\$289,972,433</b>	<b>\$122,411,827</b>	<b>\$137,668,462</b>	<b>\$282,836,614</b>	<b>\$7,135,819</b>

**Notes:**

<sup>1</sup>FY 06 Adopted reflects budget as originally adopted by the Board of Supervisors.

<sup>2</sup>FY 06 Revised includes supplemental appropriations, changes and additions made since original adoption.

<sup>3</sup>Prior Year-to-Date data includes revenue, expenditures and outstanding encumbrances through 12/31/04.

<sup>4</sup>Year-to-Date data includes revenue, expenditures and outstanding encumbrances thru 12/31/05.

<sup>5</sup>Current Personal Property combines actual collections, computer equipment and State reimbursements made under the Personal Property Tax Relief Act, plus taxation of mobile homes and aircraft.

<sup>6</sup>Heavy Equipment also includes Satellite Manufacturing Equipment.

<sup>7</sup>Machinery & Tools also includes delinquent Machinery & Tools tax revenue.

<sup>8</sup>Other Financing Sources includes sales of material and transfers into the General Fund from other funds.